



MarketWatch | Refined Products

Thursday, August 17, 2023

Market Commentary

Recap: The crude oil market on Wednesday continued to trend lower despite a bullish draw in crude stocks of nearly 6 million barrels in the week ending August 11th. However, on the bearish side, U.S. crude oil production increased to a three-year high of 12.7 million bpd, just 300,000 bpd off a record high of 13 million bpd. The oil market traded mostly sideways in overnight trading and ahead of the release of the EIA report as it posted a high of \$81.30 early in the session. However, the market retraced its gains and breached its previous low of \$80.40 and sold off to \$79.61 ahead of the release of the Fed minutes. The crude market extended its losses further to a low of \$79.28 following the release of the minutes in which fed officials said inflation risks could require further tightening. The September WTI contract settled down \$1.61 at \$79.38 while the October Brent contract settled down \$1.44 at \$83.45. The product markets ended the session mixed, with the heating oil market settling down 71 points at \$3.0209 and the RB market settling up 1.95 cents at \$2.8671.

Technical Analysis: The oil market is seen continuing on its downward trend as its stochastics are still trending lower. The market will remain pressured amid the continued concerns over China's economy. The market is seen finding support at its low of \$79.28, \$78.69, \$78.55, \$78.29 and \$78.16. Meanwhile, resistance is seen at \$79.95, \$80.55, \$81.17 and its high of \$81.43. Further upside is seen at \$82.91, \$83.20, \$83.58, \$83.81 and \$84.89.

Fundamental News: The EIA reported that U.S. crude inventories fell by 5.96 million barrels in the week ending August 11th to 439.7 million barrels as oil refiners increased runs and exports increased. Meanwhile, production increased to its highest level since the COVID-19 pandemic cut fuel demand. Refinery runs increased by 167,000 bpd to 16.75 million bpd, the highest level since January 2020. U.S. crude exports increased by 2.2 million bpd, the largest weekly increase since August 2022, leading to a fall of 1.76 million bpd in net imports.

According to data from the Joint Organizations Data Initiative, Saudi Arabia's crude output in June was little changed from the previous month at 9.96 million bpd. Saudi Arabia's crude oil exports fell for a third consecutive month in June to their lowest since September 2021. Saudi Arabia's crude exports totaled 6.8 million bpd in June, down about 1.8% from May's 6.93 million bpd.

IIR Energy reported that U.S. oil refiners are expected to shut in about 180,000 bpd of capacity in the week ending August 18th, increasing available refining capacity by 32,000 bpd. Offline capacity is expected to increase to 184,000 bpd in the week ending August 25th.

According to minutes of the Federal Reserve's July 25th-26th meeting, Federal Reserve officials were divided over the need for more interest rate hikes, with "some participants" citing the risks to the economy of pushing rates too far even as "most" policymakers continued to prioritize the battle against inflation. It said "Most participants continued to see significant upside risks to inflation, which could require further tightening of monetary policy." In general, the minutes said, Fed policymakers agreed that the level of uncertainty remained high, and that future rate decisions would depend on the "totality" of data arriving in "coming months" to "help clarify the extent to which the disinflation process was continuing."

Early Market Call - as of 8:20 AM EDT

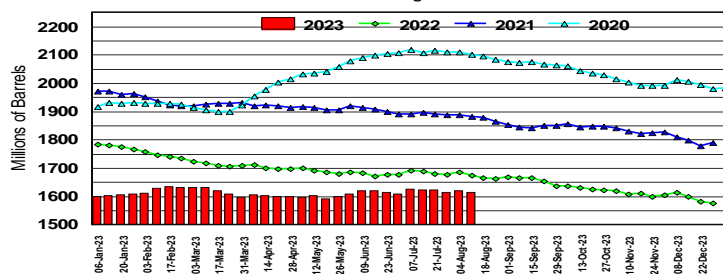
WTI - September \$79.99, up 61 cents
 RBOB - September \$2.8712, up 41 points
 HO - September \$3.0801, up 5.92 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.0209	-0.0071	-0.1861
Oct-23	2.9970	-0.0140	-0.1737
Nov-23	2.9361	-0.0217	-0.1645
Dec-23	2.8562	-0.0250	-0.1611
Jan-24	2.8143	-0.0271	-0.1539
Feb-24	2.7790	-0.0287	-0.1438
Mar-24	2.7379	-0.0298	-0.1335
Apr-24	2.6912	-0.0292	-0.1224
May-24	2.6598	-0.0272	-0.1121
Jun-24	2.6370	-0.0249	-0.1019
Jul-24	2.6301	-0.0243	-0.0978
Aug-24	2.6247	-0.0244	-0.0973
Sep-24	2.6187	-0.0250	-0.0976
Oct-24	2.6102	-0.0247	-0.0961
Nov-24	2.5976	-0.0245	-0.0906
Dec-24	2.5812	-0.0241	-0.0848
Jan-25	2.5649	-0.0233	-0.0806

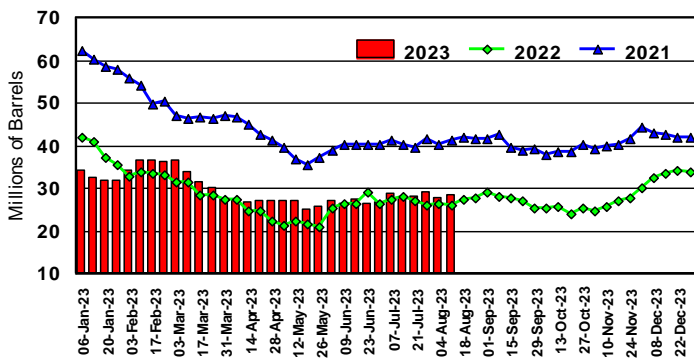
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$4.43	\$79.0200	-\$1.4800
Crude - Brent		\$83.4500	-\$1.4400
Natural Gas		\$2.5920	-\$0.0670
Gasoline		\$2.8671	\$0.0195

Total U.S. Oil Stocks Including SPR



Weekly EIA Petroleum Status Report for the Week Ending August 11, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 5.96 million barrels
 Cushing, OK Crude Stocks Down 837,000 barrels
Gasoline Stocks Down 262,000 barrels
Distillate Stocks Up 296,000 barrels
Refinery % Operated 94.7%, up 0.9%

PADD #1

	Week Ending August 11, 2023	Week Ending August 4, 2023	Week Ending August 12, 2022
Distillate Stocks (in million bbl)			
New England	3.1	3.1	3.0
Central Atlantic	13.8	14.0	11.8
Total PADD #1	28.5	27.8	26.2
Distillate Imports (thousands b/d)	96	40	103

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